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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

**INFORMATION REPORT**

COUNTRY Germany (Berlin)

SUBJECT The Berlin Situation  
for 25 August 1948  
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ACQUIRED [REDACTED]

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DATE OF INFO  
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(LISTED BELOW)SUPPLEMENT TO  
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Although some of the following information has  
already appeared in the American press, this  
report contains further unpublished details.

1. In the late evening hours of 24 August 1948, the Magistrat received a letter from General Kotikov accusing the city administration of a series of illegal acts designed "to damage the interests of the working population in Berlin and the Soviet Zone". In essence, the long letter signed by Kotikov again as the Military Commandant of Berlin is a warning to the Magistrat that all resolutions and ordinances require approval of Soviet authorities. The Magistrat has for the past two months acted illegally, therefore, none of their recent orders and instructions has legal validity, and for further illegal acts leading members of the Magistrat will be personally responsible. This letter is viewed by leading members of the city administration as preparation for the forcible removal of elected city government. There is general agreement among the three democratic parties that the terms of Kotikov's letter cannot be complied with, especially since Kotikov again claims de facto jurisdiction over the western sectors.
2. Also on 24 August 1948 Kotikov issued an order introducing Sokolovskii's Order 105 to Berlin. This order regulates the distribution of printed matter in the Soviet Zone. Since its introduction in the Soviet Zone, circulation of western-licensed periodicals and newspapers has virtually ceased. It may be assumed that its results will be similar in Berlin. Simultaneously, Kotikov announced that all publications on sale in the Soviet Sector will have to renew their licenses by 1 September 1948. In the opinion of source, this will so greatly reduce the number of western-licensed newspapers and periodicals that effective control of the remaining circulation will be very easy.
3. Tension has somewhat eased during the past few days, especially in the police field, but it is expected that the situation will be aggravated by the above two orders. Further difficulties may be expected after the 26 August meeting of the City Assembly which will presumably vote non-confidence in the SED Stadtrat for Labor, Waldemar Schmidt. The City Assembly will also approve the elections in Berlin to take place 24 October 1948 in face of the SMA order postponing elections in the Soviet Zone (and presumably the Soviet Sector of Berlin) until the fall of 1949.

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4. The financial situation in the city is still critical. Blocking of Soviet Sector accounts in the western sectors gave the Magistrat a small working fund but wages, salaries, and unemployment insurance still are largely unpaid. There have been isolated strikes on money questions but the Magistrat is in full control of the situation. The Magistrat believes that the people understand the situation and are willing to go without pay if necessary to support the Magistrat in its stand against the Soviets.
5. In reference to the overall situation (latest examples in paragraphs 1 and 2), Berlin will be the scene of continued crises even should agreement on the currency be reached in Moscow. Actions locally suggest that the Russians are not willing to settle short of Western withdrawal from Berlin and view an eventual victory on the currency question merely as the first objective.

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